

TOWNSHIP OF EDWARDS
OGEMAW COUNTY, MICHIGAN

REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <i>Edwards</i>	County <i>Ogemaw</i>
Audit Date <i>3/31/05</i>	Opinion Date <i>7/21/05</i>	Date Accountant Report Submitted to State: <i>7/31/05</i>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<i>J</i>		
Reports on individual federal financial assistance programs (program audits).			<i>J</i>
Single Audit Reports (ASLGU).			<i>J</i>

Certified Public Accountant (Firm Name) <i>Barry E. Gandette, CPA, PC</i>			
Street Address <i>1107 E. 9th Street</i>	City <i>Traverse City</i>	State <i>MI</i>	ZIP <i>49686</i>
Accountant Signature <i>Barry E. Gandette CPA</i>			

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INTRODUCTORY SECTION

TOWNSHIP OF EDWARDS
LIST OF ELECTED OFFICIALS
MARCH 31, 2005

ELECTED OFFICIALS

Margaret Kartes

Supervisor

Douglas Brewer

Clerk

Deborah Kartes

Treasurer

Edward Buckel

Trustee

Harry J. Kolberg

Trustee

FINANCIAL SECTION

Barry E. Gaudette, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

1107 East Eighth Street
Traverse City, Michigan 49686
(231) 946-8930
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INDEPENDENT AUDITORS' REPORT

Members of the Township Board
Township of Edwards
Ogemaw County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Edwards, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Edwards, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Since it was not practical to extend our auditing procedures into the prior unaudited year, we are unable to express an opinion on the consistency of application of accounting principles with the preceding year.

Township of Edwards
Independent Auditors' Report
Page Two

In our opinion, except for the omission of the information mentioned in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Edwards, Michigan, as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note IV(c), the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, as amended and interpreted, as of March 31, 2005.

The financial statements referred to above do not include the Management Discussion and Analysis, which is required supplementary information and should be included in order to conform with accounting principles generally accepted in the United States of America.

Bary E. Landell, CPA, PC

July 21, 2005

BASIC FINANCIAL STATEMENTS

Township of Edwards
Government-Wide Financial Statements
Statement of Net Assets
March 31, 2005

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 60,371
Due from other funds	98,381
Capital assets (net of accumulated depreciation):	
Land and improvements	800
Buildings and improvements	233,343
Equipment	<u>799</u>
Total assets	<u>393,694</u>
LIABILITIES	
Accounts payable	5,445
Employee payroll withholdings	581
Hall deposits	<u>1,250</u>
Total liabilities	<u>7,276</u>
NET ASSETS	
Invested in capital assets	234,942
Unrestricted	<u>151,476</u>
Total net assets	<u>\$ 386,418</u>

See notes to financial statements

Township of Edwards
Government-Wide Financial Statements
Statement of Activities
For the Year Ended March 31, 2005

Functions /Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Legislative	\$ 21,396	\$	\$	\$
General				
Government	75,129	18,796	3,188	
Public safety	21,568		385	
Public works	<u>114,187</u>	<u></u>	<u>4,795</u>	<u></u>
Total governmental activities	<u>\$ 232,280</u>	<u>\$ 18,796</u>	<u>\$ 8,368</u>	<u>\$</u>

General revenues:
Property taxes
State aid
Interest earnings
Rents

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See notes to financial statements

Net (Expense)
Revenue and
Changes in
Net Assets

Governmental
Activities

\$ (21,396)

(53,145)

(21,183)

(109,392)

(205,116)

77,197

100,264

601

9,450

187,512

(17,604)

404,022

\$ 386,418

Township of Edwards
Balance Sheet
Governmental Funds
March 31, 2005

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 60,371	\$ 60,371
Due from other funds	<u>98,381</u>	<u>98,381</u>
Total assets	<u>\$ 158,752</u>	<u>\$ 158,752</u>
 LIABILITIES		
Accounts payable	\$ 5,445	\$ 5,445
Employee payroll withholdings	581	581
Hall deposits	<u>1,250</u>	<u>1,250</u>
Total liabilities	7,276	7,276
 FUND BALANCES		
Fund balances		
Unreserved	<u>151,476</u>	<u>151,476</u>
Total liabilities and fund balances	<u>\$ 158,752</u>	<u>\$ 158,752</u>

See notes to financial statements

Township of Edwards
Reconciliation of the Governmental Funds
Balance Sheet
With the Statement of Net Assets
March 31, 2005

Amounts reported for governmental activities in the
statement of net assets are different because:

Total Fund Balance - Governmental Funds	\$ 151,476
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Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds:

Cost of capital assets	363,468
Accumulated depreciation	<u>(128,526)</u>

Total Net Assets - Governmental Activities	<u>\$ 386,418</u>
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See notes to financial statements

Township of Edwards
Statement of Revenues, Expenditures, and Changes
in Fund Balance
Governmental Funds
For the Year Ended March 31, 2005

	<u>General</u>	<u>Total Governmental Funds</u>
REVENUES		
Taxes & adm. fees	\$ 91,231	\$ 91,231
Licenses & permits	385	385
State aid	103,451	103,451
Charges for services	7,657	7,657
Sale of assets	1,900	1,900
Interest earnings	601	601
Rents	9,450	9,450
Total revenues	<u>214,675</u>	<u>214,675</u>
EXPENDITURES		
Current:		
Legislative	21,396	21,396
General government	67,250	67,250
Public safety	21,568	21,568
Public works	<u>114,187</u>	<u>114,187</u>
Total expenditures	<u>224,401</u>	<u>224,401</u>
Net changes in fund balances	(9,726)	(9,726)
Fund balances-beginning	<u>161,202</u>	<u>161,202</u>
Fund balances-ending	<u>\$ 151,476</u>	<u>\$ 151,476</u>

See notes to financial statements

Township of Edwards
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance of Governmental Funds
To the Statement of Activities
For the Year Ended March 31, 2005

Amounts reported for governmental activities in the
statement of activities are different because:

Total net change in fund balances -	
total governmental funds	\$(9,726)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded (were less than) depreciation in the current period.	<u>(7,878)</u>
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Change in net assets of governmental activities	<u><u>\$(17,604)</u></u>
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See notes to financial statements

Township of Edwards
Statement of Fiduciary Funds
Fiduciary Funds
March 31, 2005

	<u>Tax Collection Fund</u>
ASSETS	
Cash and cash equivalents	\$ 86,374
Due from other governmental units	<u>12,007</u>
Total assets	<u>98,381</u>
LIABILITIES	
Due to other funds	98,381
Due to other governmental units	<u> </u>
Total liabilities	<u>98,381</u>
NET ASSETS	
Held in trust for other purposes	<u><u>\$ </u></u>

See notes to financial statements

Township of Edwards
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended March 31, 2005

	<u>Tax Collection Fund</u>
ADDITIONS	
Property tax collections and fees	\$1,001,856
Interest earned	<u>225</u>
Total additions	<u>1,002,081</u>
DEDUCTIONS	
Payments to general fund	91,231
Payments to other governmental units	<u>910,850</u>
Total deductions	<u>1,002,081</u>
Changes in net assets	
Net assets - beginning	<u> </u>
Net assets - ending	<u><u>\$ </u></u>

See notes to financial statements

Township of Edwards
Notes to the Financial Statements
March 31, 2005

I. Summary of significant accounting policies

The financial statements of the Township of Edwards (the Township) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below.

A. Reporting entity

The Township is governed by an elected five-member board. The accompanying financial statements present the Township's operations for which the government is considered to be financially accountable. The Township has no component units and is involved with the jointly governed Ogemaw Fire Department.

B. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provided have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when a payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township property tax is levied each December 1st on the taxable valuation of property (as defined by State statutes) located in the Township as of the preceding December 31st. Real property taxes not collected as of March 1st are turned over to Ogemaw County, which advances the Township 100% for the delinquent taxes.

The 2004 taxable valuation of the Township totaled \$35,007,477, on which ad valorem taxes levied consisted of .7493 mills for Township operating purposes and voted millage of 1.4990 mills for road maintenance purposes. This amount is recognized in the General Fund as current tax revenue as well as administrative fees of \$10,087 to collect the taxes and applicable interest.

The Township reports the following major governmental fund:

The *general fund* is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Township reports the following fiduciary fund:

The *tax collection fund* is used to account for resources held by the Township in a purely custodial capacity. Money in this fund is from current tax and special assessment collections. Timely distribution to the appropriate fund and local unit must be made in accordance with Section 43 of the General Property Tax Act.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Township did not have any proprietary funds.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted sources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Township to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts,

deposit accounts, or depository receipts of a bank, saving and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or Nation Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. *Short-term interfund receivables/payable*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet in the governmental fund financial statements.

3. *Receivables and payables*

All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

4. *Capital assets*

Capital assets, which include property, plant, and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded as historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property and equipment of the Township is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Furniture and fixtures	5
Equipment	10

5. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

In the fund financial statements, governmental fund types, recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The Township of Edwards does not have any long-term obligations.

6. Fund equity

In the fund financial statements, governmental funds report the reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Comparative data/reclassifications

If the Township had an individual enterprise fund, comparative total data for the prior year would have been presented only in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Supervisor submits to the Township Board a proposed budget for the fiscal year commencing on April 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - GAAP basis - general funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally adopted by the Township Board as a resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated.
4. The Supervisor is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and the building fund.
6. The budget as presented, has not been amended. Supplemental appropriations were made during the year with the last one approved prior to April 1st.

B. Excess of expenditures over appropriations

For the year ended March 31, 2005, expenditures exceeded appropriations in the activities of the planning commission and road maintenance (the legal level of budgetary control) of the general fund by \$280 and \$445. These overexpenditures was funded by the available fund balance in the general fund.

III. Detailed notes on all funds

A. Deposits and investments

At year-end, the carrying amount of the Township's deposits were \$146,745 (includes \$86,374 in the Tax Collection Fund) and the bank balance was \$147,382, of which \$147,382 was covered by federal depository insurance.

B. Receivables

Ogemaw County owes the Township \$12,007 in delinquent taxes and administration fees as of March 31, 2005.

C. Capital assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land & improvements	\$ 800	\$	\$	\$ 800
Capital assets, being depreciated:				
Buildings & improvements:				
Township hall	311,124			311,124
Equipment	51,544			51,544
Total capital assets being depreciated	362,668			362,668
Less accumulated depreciation for:				
Buildings & improvements:				
Township hall	(70,003)	(7,778)		(77,781)
Equipment	(50,645)	(100)		(50,745)

Total accumulated depreciation	(120,648)	(7,878)	(128,526)
Total capital assets, being depreciated, net	242,020	(7,878)	234,142
Governmental activities capital assets, net	\$ 242,820	\$ (7,878)	\$ 234,942

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 7,878
Total depreciation expense-governmental activities	\$ 7,878

D. Interfund receivables, payables, and transfers

Interfund transfers:

There were no transfers between funds other than property taxes and administration fees transferred from the tax collection fund to the general fund.

The composition of interfund balances as of March 31, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Tax collection	\$ 12,007

IV. Other information

A. Risk management

The Township is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and employee injuries (workers compensation).

The Township has purchased commercial insurance for all risks of loss. Settlements claims have not exceeded coverages for each of the past three fiscal years.

B. Pension plan

The Township has a non-standardized money purchase pension plan with Municipal Retirement Systems, Inc. through USG Annuity and Life Company effective May 30, 1991.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of these contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account. All full-time employees earning at least \$400 are eligible to be covered under the pension plan. Every employee who becomes subsequently employed shall be eligible on the first policy anniversary on which he or she is at least 18 years old and not more than 75 years old. Contributions made by an employee and the Township vest immediately. An employee that leaves the employment of the Township is entitled to his or her account balance.

C. Implementation of new accounting standard

As of and for the year ended March 31, 2005, the Township implemented GASB Statement Number 34 - *Basic Financial Statements - and Management's Discussion and Analysis - State and Local Governments*. The more significant changes required by the standard include a Management Discussion and Analysis; government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting; fund financial statements, consisting of a series of statements that focus on a governments' major funds; and schedules to reconcile the fund financial statements to the government-wide financial statements.

D. Joint Area Fire Board

Edwards Township appropriates funds for fire protection and provides fire protection services through the Ogemaw Fire Department. The Fire Department is a joint area fire board serving six governmental units - City of West Branch, Churchill Township, Edwards Township, Horton Township, Ogemaw Township and West Branch Township. The Township appoints one member to the joint venture's governing board, who then approve the annual budget. The contributions from the local governments are computed based on the state equalized value for the areas served. A copy of financial statements for the Fire Department may be obtained from the Township Supervisor.

Required Supplementary Information

Township of Edwards
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual
For the Year Ended March 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>with Final Budget Positive (Negative)</u>
REVENUES				
Property taxes and related fees	\$ 89,860	\$ 89,860	\$ 91,231	\$ 1,371
Licenses & permits	400	400	385	(15)
State aid	106,200	106,200	103,451	(2,749)
Charges for services	12,100	12,100	7,657	(4,443)
Sale of assets	1,000	1,000	1,900	900
Interest earnings	1,850	1,850	601	(1,249)
Rents	6,000	6,000	9,450	3,450
Total revenues	<u>217,410</u>	<u>217,410</u>	<u>214,675</u>	<u>(2,735)</u>
EXPENDITURES				
Current:				
Legislative:				
Township board	<u>30,100</u>	<u>30,100</u>	<u>21,396</u>	<u>8,704</u>
General government:				
Supervisor	9,570	9,570	7,945	1,625
Elections	2,500	2,500	1,997	503
Clerk	9,750	9,750	9,504	246
Board of review	2,000	2,000	1,035	965
Assessor	11,000	11,000	9,373	1,627
Treasurer	9,950	9,950	9,666	284
Hall & grounds	37,900	37,900	21,491	16,409
Audit	500	500		500
Cemetery	<u>10,650</u>	<u>10,650</u>	<u>6,239</u>	<u>4,411</u>
Total general government	<u>93,820</u>	<u>93,820</u>	<u>67,250</u>	<u>26,570</u>
Public safety:				
Planning commission	2,000	2,000	2,280	(280)
Fire protection	23,000	23,000	17,888	5,112
Police	<u>3,600</u>	<u>3,600</u>	<u>1,400</u>	<u>2,200</u>
Total public safety	<u>28,600</u>	<u>28,600</u>	<u>21,568</u>	<u>7,032</u>

Township of Edwards
General Fund
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2005
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>with</u> <u>Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
EXPENDITURES (CONTINUED):				
Public works:				
Lake George dredging	45,000	45,000		45,000
Dust control	14,000	14,000	7,492	6,508
Road maintenance	5,000	5,000	5,445	(445)
Road improvement	<u>102,000</u>	<u>102,000</u>	<u>101,250</u>	<u>750</u>
Total public works	<u>166,000</u>	<u>166,000</u>	<u>114,187</u>	<u>51,813</u>
Total expenditures	<u>318,520</u>	<u>318,520</u>	<u>224,401</u>	<u>94,119</u>
Net change in fund balances	(101,110)	(101,110)	(9,726)	91,384
Fund balances-beginning	<u>101,110</u>	<u>101,110</u>	<u>161,202</u>	<u>60,092</u>
Fund balances-ending	<u>\$</u>	<u>\$</u>	<u>\$151,476</u>	<u>\$ 151,476</u>

See notes to financial statements

COMMENTS AND RECOMMENDATIONS

Members of the Township Board
Township of Edwards
Ogemaw County, Michigan

Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The following comments are based on observations made during the course of our examination for the year ended March 31, 2005:

Invoices

To improve the internal control over the invoice approval procedures, the Treasurer should have the invoices available to examine before signing the checks.

The Clerk, beginning August 2005, will include the invoices supporting the disbursements to the Treasurer, along with the checks that need to be signed and approved.

Tax Collection Bank Account

The Treasurer should disburse all monies in the tax collection checking account by March 31st of each year.

The Treasurer has agreed to implement this recommendation.

This letter supplements the information in the Financial Statements and Notes to Financial Statements. It is intended solely for the use of management and the Township Board and should not be used for any other purpose.

Barry E. Gaudette, CPA, P.C.

July 21, 2005